The Atlantic Union College Crisis

Years of problems at our northeastern U.S. college has resulted in a financial crisis of mammoth proportions.

The situation has become so critical that there is little likelihood of saving the institution.

This report will provide you with a brief overview of what is occurring—at what will be the first of our North American colleges to totally collapse.

In the past, there have been instances in which one or another of our schools of higher education was closed for various reasons. But we have never had one go bankrupt!

How could this have happened? What could have prevented it?

1 - There is some evidence that apostasy has occurred at Atlantic Union College, which, when it became known to parents and prospective students, caused them to go elsewhere.

2 - As several problems resulted in a continuing budget deficit, essentially nothing was done to stop the money drain. With few exceptions, everything continued to be business as usual.

3 - As the crisis deepened, instead of calling a halt, closing the doors temporarily, or heavily reducing staff and class offerings, dedicated funds were dipped into for day-to-day operation of the school, and loans were obtained for the same purposes.

Atlantic Union College is now deeply in debt, with no logical way to solve its mounting problems, and the resulting collapse will cost the church millions of dollars.

Item: As reported by us several years ago, on February 2, 1990, Dr. Lawrence Geraty, president of Atlantic Union College, sent a letter on AUC letterhead to "the faculty and staff of Atlantic Union College."

It announced the appointment of "a Roman Catholic and well-known in this area" as a financial consultant to the college.

Dr. Frank R. Mazzaglia, the Italian Roman Catholic, appointed to that position, apparently did his work well.

ITEM: **A year or two ago, Atlantic Union College printed a terrible school yearbook, in which blasphemous things were printed, too terrible to repeat here.**

ITEM: It seemed that, year after year, men were trying to destroy the morals of the school, until finally many of the parents and students gave up on the school.

ITEM: **Atlantic Union College students were sent to Wooster, Massachusetts, for personal introduction into the patterns of active homosexuals.**

ITEM: It would almost seem as if, year after year, efforts were made to sink the finances of the school into an unbelievable deep hole. They have succeeded very well.

ITEM: There is a move on foot to close down most of our North American colleges, and keep only two or three of the most liberal ones open. This is being openly discussed by church intellectuals and administrators.

The question remains: Which will be the next college to go down? The others are experiencing continually lowering standards and moral decay.

As their financial structures fracture, will any lessons have been learned from the experience of Atlantic Union College?

CURRENT DEVELOPMENTS

In a public announcement, AUC interim vice president for finance, Mark Hyder, announced that, at the present time, Atlantic Union College owes approximately $6.5 million, and needs $3.2 million "to make it to registration next fall."

According to AUC president, James Londis, projections indicate that Atlantic Union College will "run out of cash to make payroll and operate the campus sometime in mid-March [1996]."

It is clear that (as Ellen White instructed in such cases) the college long ago should have closed its doors to stop this continual hemorrhaging need for money.

But, just as they have repeatedly

done before, the board of trustees of the college have once again vowed that they are committed to keeping the school open. **They are willing to take down the finances of the denomination, if need be, so they can keep the doors of that dying school open.**

As a desperate measure, the AUC board of trustees voted on January 22, 1996, to invite Andrews University to prepare a proposal for merger with AUC.

This is partly a confidence-building tactic. If Andrews University will agree to such a merger, Atlantic Union College might be able to swing more loans from denominational headquarters and secular banking institutions to carry on its day-to-day operations. AUC needs financial credibility in order to get more loans approved.

But it is also partly a delaying tactic. By diverting everyone's attention to a possible later merger, the constituency is less likely to demand that the school be shut down immediately. The letter of intent, said it this way: "June 1996: The AUC constituency decides about the merger; July 1996: The AU Board of Trustees gives final approval to the merger plans." This delay will enable the administration of Atlantic Union College to keep dumping more money down the hole. That money will never be recovered.

As far as Andrews University is concerned, it has already clearly refused to consider providing any financial aid to the struggling college.

Why then should anyone wait breathlessly for a possible summer merger to take place? It will not happen. Especially in light of the fact that Andrews University has already declared it will not enter into a merger until Atlantic Union College's debts are totally paid! And, in view of the facts, that time will never come.

Yet the months pass by, the school remains open, and more and more borrowed money and dedicated funds are used to keep it in existence.

When there is a problem, organizations like to appoint a committee to study the matter. What they need to study is the Bible and Spirit of prophecy. Then they would know what to do.

The AUC board of trustees considered the matter significant enough, that it has formed two committees: one, to explore further the possibility of getting Andrews University to come to its rescue and, two, to consider other possible ways to solve the financial problem.

If Atlantic Union College successfully makes it to May 31, 1996, the total indebtedness will, by that time, have reached $11 million. The administration of the school has announced that it intends to do that.

But the facts are that, as of January 1996, AUC owed approximately $6.5 million—and that it would spend an additional $3.2 million to finish out the school year and "make it to registration next fall."

So, at this moment, the school does not owe $11 million, but it will in a few more months.

In February through May, it will go through $3.2 million in loans and dedicated funds. That is $800,000 a month.

On that basis, we should expect it to consume an additional $7.2 million, plus summer 1996 expenses—for the 1996-1997 school year!

Is Dr. Frank R. Mazzaglia, the Italian Roman Catholic financial consultant, still on the payroll at Atlantic Union College?

ITEM: The $11 million debt, by May 31, will be equal to the listed assets in the "plant fund" of the college. This is what all the buildings and furnishings of the college would be worth, if (if) anyone wanted to pay top dollar for the whole thing.

ITEM: **$900,000 is being spent for interest and principle payments on this debt, during the 1995-1996 school year. At this rate, Atlantic Union College will take the entire Atlantic Union down into the black hole within a few years.**

There are approximately 70,000 members on the books of the Atlantic Union Conference. There is no way the problems at the school can be solved, unless those members get serious about the financial drain,—and take hammer and nails and board up the doors of the school.

ITEM: Money from Adventists in more than seven states, one island, and six local conferences is flowing into AUC (Bermuda, Connecticut, Maine, Massachusetts, New Hampshire, New York, Rhode Island, and Vermont).

ITEM: **More than 20% of the tithe funds from the Bermuda, Greater New York, New York, Northeastern, Northern New England, and Southern New England Conferences is poured each month into the school.** AUC says Thank you; keep sending it. To date, there is no indication that the church members will not keep sending it.

ITEM: Atlantic Union College has one of the highest levels of subsidy of any Adventist college in the world: $2.2 million. That amount of money goes straight from the conferences to the college.

By way of comparison, Southern College is a much larger college, in a much larger union; yet it receives one third as much money from its constituent conferences.

ITEM: **By trying to keep AUC alive for the rest of the school year, the North American Division leadership is setting a dangerous precedent. What will they do when the next college in the U.S. or Canada starts to go under?**

ITEM: **No one has presented a practical way to keep the school open for the rest of this year or**

all through the next. Yet the board, the administration,—and now the constituency—seem to do so anyway.

ITEM: Andrews University has insisted that the merger could not possibly take place until the 1997-1998 school year, and that all the debt held by AUC must be removed before it will do so. With such practical thinking, on the part of AU, the merger will never take place.

ATLANTIC UNION COLLEGE CONSTITUENCY MEETING

On March 10, 1996, the Atlantic Union College constituency met at the South Lancaster Village Church in South Lancaster, Massachusetts, to discuss the problem and arrive at solutions.

They discussed many aspects of the crisis, and decided to appoint more committees and postpone the matter until a later time.

As you know, a "constituency meeting" is a gathering of delegates from the various churches, assembled for specific purposes.

This one was chaired by Ted Jones, president of the Atlantic Union.

The meeting opened with a devotional by A.C. McClure, president of the North American Division. The occasion was considered important enough that he be present.

He said that, when the disciples tried to cross the sea of Galilee in a small boat in a terrible storm, they were doing the right thing but their efforts were fruitless. Then, when help arrived (Jesus on the water), they were afraid to accept it. With this enigmatic opening, the meeting began.

Important guests were next introduced. This included Robert J. Kloosterhuis of the General Conference, four leaders from the North American Division (McClure, Baptiste, Crumley, Osborn, and Prestol), and the board, faculty, and staff of Atlantic Union College.

A request was then made by the chair for the agenda to be voted on and approved. (As you will recall in our analysis last year of the Utrecht Session, by initially approving the predetermined agenda, nothing else can be discussed or brought up at the gathering.)

The agenda, with the inclusion of an "alternate proposal," was approved. It was time for the consideration of hard realities to commence.

First, James Londis, president of Atlantic Union College, presented a review of historical facts leading up to the present situation, commented on the crisis that now exists, and provided a glimpse into the future.

Londis noted several underlying problems common to many schools at this time: Within the next few years, 400 to 600 small colleges in America will close. Tuition charges have gone so high, that many students will not attend if they are raised anymore. Every college has sent agents to beat the bushes, and prospective students expect scholarships to attend.

Then there is the problem that, of the 430 students currently attending AUC, 140 of them have zero base income for financial aid purposes. Add that to the fact that 80 percent of all the families in the Atlantic Union have incomes below $40,000 a year.

At this point in his presentation, **Londis mentioned the revealing fact that, before he was hired in 1993, an auditor's report had shown the college already to be "essentially bankrupt." At that time, he said, AUC was already $3 million in debt.**

—Why then did they not close the school down in 1993? To do so would be to fulfill the command given in the Spirit of Prophecy: When a school is not succeeding financially, the doors should be closed.

Londis also pointed out that there was a high default rate on student loans, and enrollment drops were decidedly below earlier projections.

The administration had been criticized for their recent decision to go ahead with the dining commons project, but he said that it would begin in March only because the major donor had threatened to withdraw his money if it was not done. But Londis did not say how much money the college would be putting into that construction.

In his presentation, Londis then provided more sorry details of this deepening debt.

In spite of the fact that they were warned that the school was essentially bankrupt before the 1993 school year began, they went ahead with it.

Nearly a year later, in July 1994, the college was deeper in debt than ever. Instead of shutting the doors, they asked the North American Division for $2 million so they could get through the coming school year. This request was granted by the 1994 Annual Council, even though it was against NAD working policy for a denominational institution to borrow money for operating expenses. The loan was arranged through the Atlantic Union Revolving Fund.

As a condition in granting the loan, a fund-raising committee of high-placed church officials was appointed to solve the problem. In his speech, Londis said the committee did not hold its first meeting until seven months later!

(After Londis was finished speaking, the chairman of the meeting—Ted Jones, Atlantic Union president—said the fund-raising committee did not convene earlier because several of its members were committed to raising funds for other institutions, and it would have been a conflict of interest for them to help AUC! —Why then did they not speak up when they were initially asked to serve on that committee, since they were not qualified to put their heart into it?

Continuing on with Londis' presentation, he next related how, in the fall of 1994, another consultant was hired to solve the college's problems (you will recall the earlier consultant in 1990, who was a "well-known" Roman Catholic. Perhaps he was still in the employ of the school by then; we do not know). The latest consultant said they should change the academic structure, reduce majors, cut staff, and get more paying students. Another committee, appointed to check this out, came to the conclusion that it would save $700,000 in savings—but that would not be enough. **By the time that committee had brought in its report, it was time to decide whether or not to hold the next school year.** (For the uninitiated, this is a decision which must be made in the spring, before teachers' contracts are renewed and the fall schedule and bulletin is prepared and mailed out.)

At that pivotal juncture, union leadership, Londis said, urged them to go ahead with another school year. So faculty contracts were signed, and preparations made for the 1995-1996 school year.

A strong student recruitment campaign was started. Both faculty and students took part, and 447 students signed up for that fall. But the extra scholarships, used to persuade them to attend, cost the school an additional $500,000.

By this time, AUC was living from month to month. In August 1995, the first payroll crisis occurred. They should never have agreed to hold the 1995-1996 school year; because, having done so, they were obligated to go through with it.

In the State of Massachusetts, if a payroll is missed, employees can file a complaint and receive treble damages. In addition, if that happened, they would lose accreditation and government student aid.

So they decided to brave through the 1995-1996 school year. Nothing mattered anymore; somehow they had to get through the school year.

So they began dipping into the endowment to make payroll. Three times they did this, until it was essentially exhausted.

Then they began selling most of the houses the college owned.

At some point in the fall, the three vice presidents threw up their hands and quit.

Some help came from alumni, but most wanted assurances that workable solutions were forthcoming.

Londis said that, at the present time, the faculty and staff were trying to figure out ways to finish out the current school year. But, undaunted, they wanted to plan for another school year—that of 1996-1997!

He said they had considered further downsizing in an effort to balance the budget. But it would be so severe they would lose students.

Londis concluded by noting that it had been recommended that he initiate talks with Andrews University about the possibility of merging with AUC.

The chairman (Ted Jones) then spoke, and mentioned that N.C. Wilson told him that AUC should not expect any money from fund-raisers until its survival was clear.

The constituency then voted to approve Londis' report, and Mark Hyder, interim vice president for finance at the college, arose. He began by introducing Steven Blake, a partner with Cline, Brandt, Kochenower & Co., who had carried out an independent audit of the college books.

Blake then read a prepared auditor's statement, which sounded very mournful and offered little hope of better things to come. Here is the concluding paragraph in his statement:

"The accompanying financial statements have been prepared, assuming Atlantic Union College will continue as a going concern. As discussed in Note 17 about the financial statements, the college has suffered recurring losses from operations and has a net capital deficiency that raises substantial doubt about its ability to continue as a going concern. Management's plans in regard to these matters are also described in Note 17. The financial statements do not include any adjustments that might result from the outcome of this uncertainty."

And here is Note 17, which discusses the plans of the college to solve its own problems:

"Note 17: The college has suffered several years of declining enrollment and depletion of working capital and has reached a point where merger and/or a necessary infusion of working capital coupled with a major restructuring has become immanent. Management has concrete options of either merger or refinancing currently before them. However these options will require time to consummate and it is uncertain, at the current level of operations, how long the college can continue to operate without an immediate infusion of working capital."

So, in the above two paragraphs, you find the epitaph of the school.

Aside from reading his report, the auditor said little. But he did say this: **"Yes, the college is bankrupt. You're out of students and out of money."**

The constituency voted to accept the auditor's report.

Continued on the next tract

The Atlantic Union College Crisis

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Next, Mark Hyder, interim vice president for finance, spoke. He compared and contrasted the financial report which the auditor had given them:

In just five years, the operating loss of AUC had gone from $39,000 to $1.9 million. During that time, the enrollment had dropped by 174 students.

When the 1994-1995 school year ended (on May 31, 1995), the school debt was $6.2 million. Of that amount, $1.6 million of it was current, and the rest long term. **Of the $6.2 million, $3 million was owed to the Atlantic Union Revolving Fund and $2.4 million to the General Conference.**

From the end of May 1995 to December 31, 1995, another $1.7 million had been lost. Hyder said the college had only made it this far through the current school year by emptying out the endowment—and that was now all gone! In spite of that ongoing looting of dedicated funds, the school had nearly missed its August, November, and December payrolls.

Somehow, they managed to obtain a local bank loan, using the next semester's revenue as collateral!

Then Hyder told the hushed audience that now, as he spoke, the school [March 10, 1996] had less than 10 days of working capital and did not have enough money to meet their next payroll on March 21.

In addition, he said, they could not let payables (30-day accounts) build up again, because they had tried that before—and venders were now dealing with them on a cash only basis. Several bank loans had been declined, he noted.

Hyder concluded by discussing the strait jacket that government student grants and loans had placed them in:

The default rate on the nursing student loan program is too high; yet, because they started with it at the beginning of the year, they were locked into it till the end of May 1996.

Other default rates were also high, placing other loan programs in jeopardy. He said that, each year, $800,000 in federal student loan funds, and $300,000 to $400,000 in Pell grants come from government agencies. If an audit report was to conclude that AUC was not succeeding, they would have to post a cash bond to refund the federal programs; that is, if the semester was not completed.

The constituency responded by voting to approve the treasurer's report.

Dr. Londis then arose to introduce Dr. Niels-Erik Andreasen of Andrews University. Londis said that, in response to the AUC request to consider a merger, the AUC board of trustees had devised a "concept document," which it offered to AUC.

Londis, in turn, was now asking that the constituency consider what Andreasen had to say, and approve the concept document. (**Oddly enough, the concept document was never distributed to the constituency**; all they had to go on were Andreasen's remarks.)

Then, even before the "concept" was told them, Londis moved that it, the concept, be officially accepted. There was a motion and it was seconded. **He then introduced Dr. Andreasen, from Andrews University.**

Andreasen made it clear that Andrews University was not eager to rush into a merger, but was willing to consider one. He said they were only participating in this constituency meeting because they were asked to do so.

Andreasen said there were two possible ways Andrews University could be involved: The "easy way" would be for Andrews to be consultants. **He said that, if he were a consultant, he would tell AUC to get rid of the debt, cut the budgets, recruit like mad, and get better management. But, he added, these suggestions conflicted with one another: Cost-cutting works against recruiting, good management would cost more money, cutting the budget would eliminate students.**

The "hard way" would be a merger which, he said, "may not even work." Perhaps it could take the form of a "branch campus" of Andrews University, he said, headed by a dean.

Andreasen said there were probably many parents in Atlantic Union Conference territory who would like a nearby college, and it already had a talented faculty. He suggested the basic teaching areas, which would draw the most students, should be found and kept.

This would enable the college to keep a four-year degree program. **But, he admitted, after all this time, no one still seemed to know what those core areas should be. (Throughout the meeting, no one seemed to know what degree programs should be kept and which ones should be dropped.)**

Andreasen said that, in some programs, students could start at AUC and finish at AU.

All support services (accounting, financial aid, records, student accounts) would be transferred to Berrien Springs. Extensive library changes would have to be made.

Deep cuts would have to be effected in classes and services, and not all of the buildings would be used.

As for finances, Andreasen said maintenance and depreciation would have to be fully funded before Andrews University would consider entering into a merger. Yet Andrews had not been able to devise a way that the AUC budget could be balanced.

Another barrier would be the accrediting agencies. The North Central Association of Colleges and Schools would have to examine and approve all the details, as well as other professional accreditation organizations, such as the America Association of Colleges and Schools of Business. (Do not forget that our schools, their finances, curricula, and operation are controlled by the world.)

Andreasen declared that, as far as Andrews University was concerned, the whole idea of a merger was still in the discussion phase. He said, if it were to take place, it could not possibly begin until the 1997-1998 school year. He concluded by saying that "small rural college campuses are not a hot commodity," and that "if you come up with an idea so I can go home and mind my own business, I would be a happy man."

By this time, one would imagine that someone in the audience would arise and move that Atlantic Union College be closed down at the end of the current school year—but no one was suggesting it.

It was now time for the question and answer period.

Two or three comments were expressed from the audience, and then a nondelegate, Tony Romeo, arose to speak. **Seeing him, immediately the chairman jumped up to cut him off,** and asked whether nondelegates should be permitted to speak. But the constituency voted that they could have 45 minutes to speak.

Romeo then pled with the constituents to help financially, and said he would help also. But he said the improper activities at AUC must be stopped. We do not know who Romeo is, but he must be a man of deep concerns.

Then the chairman (Ted Jones, the Union president) deflated the idea that anything needed to be changed in the activities at the college, with the remark, "Tony always has ways of venting his spleen."

The meeting was adjourned for lunch.

When it reconvened at 2 p.m., Will Kitching, a CPA who was leader of the alumni ad hoc committee, presented the "alternative proposal." Too complicated to discuss in detail here, it is keyed to great hopes that lots of people will campaign for great amounts of money to save the college. ("The top 50 donors will raise $100,000 each, the next 50 will raise $75,000 or more, the next 50 will raise $50,000 or more, and the next 50 will raise $25,000 or more.")

At one point in Kitching's presentation, he quoted someone as saying, "Insanity is doing the same thing over and over and expecting different results."

They needed to tack that one on the wall at this meeting, and distribute copies to all the delegates to take home and read to the church members.

But still no one arose to move that the school be closed. The ongoing drain of millions was a blight on the Union, the General Conference, and the whole church.

Instead, they were trying to devise ways to pour in more money, so it could be kept open for yet another school year!

At one point, someone asked how much money the Union sent on to the North American Division and the General Conference. Someone replied 1 or 2%. Then someone else suggested that this figure be reduced, and the money be given to the college instead.

At this, Al McClure arose and said that money due to one organization cannot be given to another.

When the suggestion was again made later, the chairman said it was difficult to change "the laws of the Medes and Persians." At this, someone else arose and said, "It is time to move the Medes and Persians out and bring in the Greeks."

But still no move to close the failing school at the end of the current school year. It was losing over a million dollars a year.

Then someone proposed that an offering be taken up right then to save the school. This was done and the 100-odd delegates and 150-odd spectators gave about $9,000.

A significant point was made by

While preparing this, a friend shared her experience. She was attending AUC in 1980-1981, and was told by several concerned theology students that they were being pressured to go to Wooster (c. 20 miles away) and attend a homosexual support group. They said they were being coerced and did not want to go. They felt they did not have a problem and should not have to go there. She was told that, as a result, some had become confused, when before they had not been. This did not help, since she was told there were homosexuals in the men's dormitory.

Stennett Brooks, president of Northeastern, the regional conference in the Union. He said that his conference gave half its subsidy to Oakwood, and that 100 of their students were at AUC and 200 or 300 were at Oakwood. This is significant, in view of the fact that his conference has 45,000 of the 75,000 members in the Atlantic Union. — **So three fifths of the church members in the Atlantic Union give only half their subsidy to AUC and send most of their students elsewhere.**

The above paragraph alone reveals that the Atlantic Union does not have enough participating church members to effectively support its own college.

Elder Griffin, of the Greater New York Conference, noted that 541 Adventist students living in the Union were currently attending other Adventist colleges.

Elder Malcolm, of the Northern New New England Conference, said that, **at current debt levels, it would take 12-15 years to pay off the debt. That, of course, is assuming no more debt was incurred.**

At this point, the vote was called on a motion to try to work toward a merger with Andrews and at the same time continue with efforts to keep the school independent. It passed 66 to 33.

Still no one stood up to move that the school be closed.

The chair then called for a special Union constituency meeting, to be held on Sabbath, March 31, 1996, "to discuss this further."

Church leaders in the Atlantic Union have other things to do on Sunday, so they urge the church members to hold business meetings on the holy Sabbath. How can anyone expect God to bless such efforts to save the college?

Instead of someone declaring, "Why wait longer to close it down? There is no money left!" Alvin Goulbourne, Union secretary, arose to protest that the forthcoming meeting really ought to be postponed, so the college would have more time. More time for what?

Then Al McClure arose and spoke a few words of common sense:

Three issues remained to be solved, he said: (1) Where to get the $3.2 million to finish the school year. (2) A workable plan to financially get through the 1996-1997 school year. (3) A long term plan which would keep the school in the black.

According to the discussion that day, said McClure, both the merger plan and the independent continuation plan—only dealt with the third aspect: the long term plan.

Another little detail which the delegates overlooked: By the end of March, the administration of the school must decide whether or not to hire teachers for the next school year. As soon as that was done, the college would be locked into another school year! Teaching contracts were one of the largest single expenses. Once they were issued, another school year was certain.

Yet the constituency meeting accepted Ted Jones' recommendation to stall any constituency decisions till the very last day in March!

So this fateful March 10 meeting adjourned.

Before AUC finally goes down, it will take even more church funds down with it. Henceforth, they will all be church funds. No outside banking institution will any longer lend to Atlantic Union College.

Londis said that the president of Union College, in Lincoln, Nebraska, had already discussed the option of merging with Andrews before Atlantic Union College began a dialogue with Andrews on that subject. Other colleges are also having problems. Gradually the situation keeps worsening.

In a recent talk to the students and faculty of Pacific Union College, Frank Knittel, of La Sierra University (and former president of Southern College), called for the elimination of all but two or three Adventist colleges in North America.

CONCLUSION

In school year 1995-1996 alone, $4 million will have been lost by the college. AUC will probably go through an additional $5 to $6 million in church funds next year. Then they will hold another constituency meeting, take up a $9,000 offering, and vote to appoint more committees and hold more meetings.

But many are hopeful that Andrews University might enter the merger proposal after all, and somehow, magically, thus solve AUC's financial problems. We are told that **the talk just now is about preparing a "comprehensive plan," which can be presented to a June constituency meeting.**

It is of interest that Londis did not even attempt to present a plan for how to keep the school open next year. No one else did either.

No one budgets for an operating loss, yet that is what AUC has every year—massive ones. **What is wrong? Examining the financial reports, one finds that both revenues and expenses remain essentially the same. The problem is that, each year, the projected income is always set far too high.** It is assumed that lots of students will attend the college; and, each year, only the same smaller number actually enroll.

For example, in the pre-written budget for the 1995-1996 school year, the expenditures were projected to be less than the expenses by $400,000! Each year it was assumed in advance that there would be a very large increase in students.

Year after year, this grossly overestimated amount of revenues led all concerned to approve the reopening of the school next fall.

Probably the most radical solution to cutting the costs would require eliminating 18 teachers and 10 support personnel. Yet that would only save $600,000 a year—which is not even half the amount needed to close the gap.

What should be done? It is obvious: Close down Atlantic Union College! There is simply not enough money nor students in the Atlantic Union to solve the problem.

Next, having closed down the college, then apply the conference subsidies—toward vigorously servicing of the current debt. As soon as it is paid, the $2.2 million in subsidies could be used to give more than half the students, now at AUC, full-tuition scholarships to Andrews! It would even pay for buses to carry them there!

SPIRIT OF PROPHECY COUNSEL

To our knowledge, not one of the following Spirit of Prophecy statements was quoted at the constituency meeting. In fact, we do not know of any Scriptural statements quoted there.

"That our schools may nobly accomplish the purpose for which they are established, they should be free from debt."—*6 Testimonies, 207.*

"In the erection of school buildings, in their furnishing, and in every feature of their management the strictest economy must be practiced."—*6 Testimonies, 208.*

"Not only for the financial welfare of the schools, but also as an education to the students, economy should be faithfully studied and conscientiously and diligently practiced. The managers must guard carefully every point, that there may be no needless expense, to bring a burden of debt upon the school."—*6 Testimonies, 208.*

"If our schools are conducted on right lines, debts will not be piling up."—*6 Testimonies, 209.*

"We must heed the instruction given, for we are nearing the end of time. More and more shall we be obliged to plan, and devise, and economize. We cannot manage as if we had a bank on which to draw in case of emergency; therefore we must not get into straitened places. As individuals and managers of the Lord's institutions we shall necessarily have to cut away . . and bring our expenses within the narrow compass of our income."—*6 Testimonies, 209.*

"The financial management in some of our schools can be greatly improved. More wisdom, more brain power, must be brought to bear upon the work. More practical methods must be brought in to stop the increase of expenditure, which would result in indebtedness."—*6 Testimonies, 210.*

"When the mangers of a school find that it is not meeting running expenses, and debts are heaping up, they should act like levelheaded businessmen and change their methods and plans. When one year has proved that the financial management has been wrong, let wisdom's voice be heard. Let there be a decided reformation."—*6 Testimonies, 210.*

"Debts must not be allowed to accumulate term after term. The very highest kind of education that could be given is to shun the incurring of deft as you would shun disease. When one year after another passes, and there is no sign of diminishing the debt, but it is rather increased, a halt should be called!

"Let the managers say: 'We refuse the run the school any longer unless some sure system can be devised.' It would be better, far better, to close the school until the mangers learn the science of conducting it on a paying basis."—*6 Testimonies, 211.*

"Properly increasing the tuitions may cause a decrease in attendance, but a large attendance should not be so much a matter of rejoicing as freedom from debt."—*6 Testimonies, 211.*

"It would be far better to let the many patrons of the institution share the expense than for the school to run in debt."—*6 Testimonies, 212.*

"Methods must be devised to prevent the accumulation of debt upon our institutions. The whole cause must not be made to suffer because of debt which will never be lifted unless there is an entire change and the work is carried forward on some different basis.

"Let all who have acted a part in allowing this cloud of debt to cover them now feel it their duty to do what they can to remove it."—*6 Testimonies, 213.*

"As church schools are established, the people of God will find it a valuable education for themselves to learn how to conduct the school on a basis of financial success. If this cannot be done, close the school until, with the help of God, plans can be devised to carry it on without the blot of debt upon it.

"Men of financial ability should look over the accounts once, twice, or thrice a year, to ascertain the true standing of the school and see that enormous expenses, which will result in the accumulation of indebtedness, do not exist. We should shun debt as we should shun the leprosy."—*6 Testimonies, 217.*

There are answers in God's Word to man's problems.

— *Vance Ferrell*

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